

**BOARD OF EDUCATION
UNIFIED SCHOOL DISTRICT NO. 263
Mulvane, Kansas**

**Financial Statements
June 30, 2010**

**with
Independent Auditors' Report**

UNIFIED SCHOOL DISTRICT NO. 263

Financial Statements

Year Ended June 30, 2010

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UNIFIED SCHOOL DISTRICT NO. 263

Financial Statements

Year Ended June 30, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Education
Unified School District No. 263
Mulvane, Kansas

We have audited the accompanying financial statements of the individual funds of Unified School District No. 263, Mulvane, Kansas, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Kansas Municipal Audit Guide, auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the District's policy is to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly in all material respects, the cash and unencumbered cash balances of each of the various funds of Unified School District No. 263, Mulvane, Kansas, as of June 30, 2010, and the revenues received and expenditures paid of such funds for the year then ended on the basis of accounting described in Note 1.

This report is intended solely for the use of the management of Unified School District No. 263, the Kansas Department of Education, the cognizant federal agency and other federal audit agencies and should not be used for any other purpose.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2011 on our consideration of Unified School District No. 263's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of Unified School District No. 263, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole.

Peterson Peterson & Goss LC

January 21, 2011

UNIFIED SCHOOL DISTRICT NO. 263
Summary of Cash Receipts, Expenditures and Unencumbered Cash
Year Ended June 30, 2010

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances	Ending Cash Balance
General	\$ (547,750)	\$ 9,733,035	\$ 10,051,264	\$ (865,979)	\$ 843	\$ (865,136)
Supplemental General	(368,640)	3,268,181	3,270,515	(370,974)	279,538	(91,436)
Special Revenue:						
At Risk (4 yr old)	-	71,119	71,119	-		-
At Risk (K-12)	-	741,781	718,672	23,109	28,126	51,235
Bilingual Education	-	3,653	3,653	-		-
Capital Outlay	1,037,032	417,029	30,607	1,423,454		1,423,454
Contingency Reserve	277,565	495,661	-	773,226		773,226
Driver Training	118,092	20,920	21,425	117,587		117,587
Extraordinary School Program	-	46,176	46,176	-		-
Food Service	258,261	824,468	797,894	284,835	9,916	294,751
KPERS Special Retirement Contribution	-	754,847	754,847	-		-
Professional Development	72,027	87,822	9,848	150,001	1,450	151,451
Parent Education	-	28,827	28,827	-	3,385	3,385
Summer School	68,954	(220)	68,734	-		-
Special Education	1,321,153	2,284,861	2,265,839	1,340,175	1,789	1,341,964
Vocational Education	-	398,290	298,290	100,000		100,000
Textbook and Student Materials	137,652	144,279	31,930	250,001	39,349	289,350
Historical Museum	45,233	69,463	60,783	53,913		53,913
Recreation Commission	169,338	357,499	325,000	201,837		201,837
Gate Receipts	11,661	51,188	46,475	16,374		16,374
School Projects	6,725	4,253	4,901	6,077		6,077
Federal Projects:						
Title I Low Income	-	262,411	252,105	10,306	2,068	12,374
Title II-A Teacher Quality	-	62,956	60,559	2,397		2,397
Title IV Safe and Drug Free	-	5,973	5,973	-	4,047	4,047
Title II-D Tech Literacy	-	3,764	3,764	-	978	978
Title II EETT Enhancing	-	150,000	144,101	5,899	1,990	7,889
Carl Perkins Grant	-	18,216	18,216	-	213	213
Debt Service:						
Bond and Interest	1,474,517	1,400,089	1,524,224	1,350,382		1,350,382
Expendable Trust Fund	148,493	31,538	42,496	137,535		137,535
Total Reporting Entity (Excluding Agency Funds)	\$ 4,230,313	\$ 21,738,079	\$ 20,958,237	\$ 5,010,155	\$ 373,692	\$ 5,383,847

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Summary of Cash Receipts, Expenditures and Unencumbered Cash
Year Ended June 30, 2010

Composition of Cash:

Mulvane State Bank:

Checking accounts	\$ 626,943
Money market accounts	4,820,969
Payroll clearing and other revolving	(10,870)
Total Cash	<u>5,437,042</u>

Agency Funds per Statement 4

(53,195)

Total Reporting Entity (Excluding Agency Funds)

\$ 5,383,847

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Summary of Expenditures - Actual and Budget
Year Ended June 30, 2010

Funds	Certified Budget	Adjustment to Comply with Legal Max	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General	\$ 10,346,332	\$ 295,068	\$ 10,051,264	\$ 10,051,264	\$ -
Supplemental General	3,270,515		3,270,515	3,270,515	-
Special Revenue:					
At Risk (4 yr old)	73,463		73,463	71,119	2,344
At Risk (K-12)	785,000		785,000	718,672	66,328
Bilingual Education	3,888		3,888	3,653	235
Capital Outlay	867,750		867,750	30,607	837,143
Driver Training	25,639		25,639	21,425	4,214
Extraordinary School Program	60,000		60,000	46,176	13,824
Food Service	863,804		863,804	797,894	65,910
KPERS Special Retirement Contribution	883,651		883,651	754,847	128,804
Professional Development	36,849		36,849	9,848	27,001
Parent Education	28,827		28,827	28,827	-
Summer School	68,954		68,954	68,734	220
Special Education	2,600,000		2,600,000	2,265,839	334,161
Vocational Education	309,038		309,038	298,290	10,748
Historical Museum	60,783		60,783	60,783	-
Recreation Commission	325,000		325,000	325,000	-
Debt Service:					
Bond and Interest	1,524,324		1,524,324	1,524,224	100

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 987,740	\$ 994,610	\$ 6,870
Delinquent tax	17,932	21,780	3,848
Mineral production tax	-	555	555
Federal aid:			
ARRA Stabilization funds	470,906	470,906	-
State aid:			
Equalization aid	7,423,379	7,111,338	(312,041)
Special education aid	1,151,307	1,133,846	(17,461)
Total Cash Receipts	<u>10,051,264</u>	<u>9,733,035</u>	<u>(318,229)</u>
Expenditures:			
Instruction	5,674,583	4,796,466	878,117
Student support services	59,750	235,259	(175,509)
Instructional support services	278,243	239,620	38,623
General administration	255,953	472,943	(216,990)
School administration	825,352	785,606	39,746
Operations and maintenance	678,000	693,553	(15,553)
Student transportation services	70,048	63,122	6,926
Vehicle operating services	266,600	198,602	67,998
Vehicle and maintenance services	67,000	58,279	8,721
Transfer to:			
Bilingual Education Fund	2,891	2,461	430
Special Education Fund	1,151,307	1,133,846	17,461
Vocational Education Fund	200,000	142,827	57,173
At Risk Fund (4 yr old)	63,270	71,119	(7,849)
At Risk Fund (K-12)	753,335	661,900	91,435
Contingency Reserve Fund	-	495,661	(495,661)
Adjustment to comply with legal maximum	(295,068)	-	(295,068)
Total Expenditures	<u>10,051,264</u>	<u>10,051,264</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	(318,229)	(318,229)
Unencumbered Cash, Beginning	-	(547,750)	(547,750)
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ (865,979)</u>	<u>\$ (865,979)</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Supplemental General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 974,353	\$ 1,021,223	\$ 46,870
Delinquent tax	14,982	20,104	5,122
Motor vehicle tax	183,287	164,988	(18,299)
Federal aid:			
ARRA Stabilization funds	-	518,230	518,230
State aid:			
Equalization aid	2,043,941	1,543,636	(500,305)
Total Cash Receipts	<u>3,216,563</u>	<u>3,268,181</u>	<u>51,618</u>
Expenditures:			
Instruction	1,188,822	1,238,726	(49,904)
Instruction support services	18,000	5,411	12,589
General administration	497,433	164,877	332,556
School administration	13,000	11,308	1,692
Operations and maintenance	870,000	860,358	9,642
Transfer to:			
Textbook and Student Materials Fund	-	70,707	(70,707)
Professional Development Fund	-	88,457	(88,457)
Title II EETT Enhancing Fund	-	50,000	(50,000)
Parent Education Program Fund	10,885	11,356	(471)
Special Education Fund	500,000	513,852	(13,852)
Vocational Education Fund	172,375	255,463	(83,088)
Total Expenditures	<u>3,270,515</u>	<u>3,270,515</u>	<u>-</u>
Receipts Over (Under) Expenditures	(53,952)	(2,334)	51,618
Unencumbered Cash, Beginning	<u>53,952</u>	<u>(368,640)</u>	<u>(422,592)</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ (370,974)</u>	<u>\$ (370,974)</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
At Risk Fund (4 yr old)
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Miscellaneous	\$ 10,193	\$ -	\$ (10,193)
Transfer from General Fund	63,270	71,119	7,849
Total Cash Receipts	73,463	71,119	(2,344)
Expenditures:			
Instruction	73,463	71,119	2,344
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	-	-	-
Unencumbered Cash, Ending	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
At Risk Fund (K-12)
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Tuition	\$ 10,000	\$ 17,400	\$ 7,400
Miscellaneous	21,665	-	(21,665)
Transfer from Summer School Fund	-	62,481	62,481
Transfer from General Fund	753,335	661,900	(91,435)
Total Cash Receipts	785,000	741,781	(43,219)
Expenditures:			
Instruction	509,004	434,986	74,018
Student support services	176,546	177,359	(813)
School administration	99,450	106,327	(6,877)
Total Expenditures	785,000	718,672	66,328
Receipts Over (Under) Expenditures	-	23,109	23,109
Unencumbered Cash, Beginning	-	-	-
Unencumbered Cash, Ending	\$ -	\$ 23,109	\$ 23,109

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 Bilingual Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Tuition	\$ 997	\$ -	\$ (997)
Federal aid	-	1,192	1,192
Transfer from General Fund	2,891	2,461	(430)
Total Cash Receipts	<u>3,888</u>	<u>3,653</u>	<u>(235)</u>
Expenditures:			
Instruction	<u>3,888</u>	<u>3,653</u>	<u>235</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Capital Outlay Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem tax	\$ 229,528	\$ 231,696	\$ 2,168
Motor vehicle taxes	15,040	2,200	(12,840)
State aid	4,187	12,035	7,848
Interest	65,000	30,051	(34,949)
Lease payments	110,000	120,000	10,000
Miscellaneous	-	21,047	21,047
Total Cash Receipts	<u>423,755</u>	<u>417,029</u>	<u>(6,726)</u>
Expenditures:			
Instruction	750	-	750
General administration	2,500	-	2,500
School administration	4,500	-	4,500
Operations and maintenance	35,000	-	35,000
Facility acquisition and service	825,000	30,607	794,393
Total Expenditures	<u>867,750</u>	<u>30,607</u>	<u>837,143</u>
Receipts Over (Under) Expenditures	(443,995)	386,422	830,417
Unencumbered Cash, Beginning	<u>1,037,032</u>	<u>1,037,032</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 593,037</u>	<u>\$ 1,423,454</u>	<u>\$ 830,417</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Contingency Reserve Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

	<u>Actual</u>
Cash Receipts:	
Transfer from General Fund	<u>\$ 495,661</u>
Receipts Over (Under) Expenditures	495,661
Unencumbered Cash, Beginning	<u>277,565</u>
Unencumbered Cash, Ending	<u><u>\$ 773,226</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Driver Training Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 7,500	\$ 5,800	\$ (1,700)
Student fees	-	15,120	15,120
Total Cash Receipts	7,500	20,920	13,420
Expenditures:			
Instruction	19,539	19,763	(224)
Vehicle operations and maintenance services	6,100	1,662	4,438
Total Expenditures	25,639	21,425	4,214
Receipts Over (Under) Expenditures	(18,139)	(505)	17,634
Unencumbered Cash, Beginning	118,091	118,092	1
Unencumbered Cash, Ending	\$ 99,952	\$ 117,587	\$ 17,635

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 Extraordinary School Program Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Tuition	\$ 60,000	\$ 46,176	\$ (13,824)
Expenditures:			
Instruction	<u>60,000</u>	<u>46,176</u>	<u>13,824</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Food Service Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 11,160	\$ 9,738	\$ (1,422)
Federal aid	302,996	347,834	44,838
Charges for services	422,913	466,896	43,983
Total Cash Receipts	<u>737,069</u>	<u>824,468</u>	<u>87,399</u>
Expenditures:			
Operation and maintenance	29,350	21,487	7,863
Food service operation	834,454	776,407	58,047
Total Expenditures	<u>863,804</u>	<u>797,894</u>	<u>65,910</u>
Receipts Over (Under) Expenditures	(126,735)	26,574	153,309
Unencumbered Cash, Beginning	<u>258,260</u>	<u>258,261</u>	<u>1</u>
Unencumbered Cash, Ending	<u>\$ 131,525</u>	<u>\$ 284,835</u>	<u>\$ 153,310</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 KPERS Special Retirement Contribution Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
State contributions	\$ 883,651	\$ 754,847	\$ (128,804)
Expenditures:			
Instruction	617,973	754,847	(136,874)
Student support	55,990	-	55,990
Instructional support	20,040	-	20,040
General administration	27,889	-	27,889
School administration	65,768	-	65,768
Operations and maintenance	48,213	-	48,213
Student transportation services	20,634	-	20,634
Food service	27,144	-	27,144
Total Expenditures	<u>883,651</u>	<u>754,847</u>	<u>128,804</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Professional Development Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
State aid returned	\$ -	\$ (635)	\$ (635)
Transfer from Supplemental General Fund	-	88,457	88,457
Total Cash Receipts	-	87,822	87,822
Expenditures:			
Instructional support services	36,849	9,848	27,001
Receipts Over (Under) Expenditures	(36,849)	77,974	114,823
Unencumbered Cash, Beginning	72,026	72,027	1
Unencumbered Cash, Ending	<u>\$ 35,177</u>	<u>\$ 150,001</u>	<u>\$ 114,824</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 Parent Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
State aid	\$ 17,471	\$ 17,471	\$ -
Transfer from Supplemental General Fund	<u>11,356</u>	<u>11,356</u>	<u>-</u>
Total Cash Receipts	<u>28,827</u>	<u>28,827</u>	<u>-</u>
Expenditures:			
Student support services	<u>28,827</u>	<u>28,827</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 Summer School Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Speed development fees	\$ -	\$ (220)	\$ (220)
Expenditures:			
Instruction	68,954	6,253	62,701
Transfer to At Risk Fund (K-12)	-	62,481	(62,481)
Total Expenditures	<u>68,954</u>	<u>68,734</u>	<u>220</u>
Receipts Over (Under) Expenditures	(68,954)	(68,954)	-
Unencumbered Cash, Beginning	<u>68,954</u>	<u>68,954</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Special Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Federal aid	\$ 533,040	\$ 334,608	\$ (198,432)
ARRA Federal aid	-	198,432	198,432
Medicaid	30,576	104,123	73,547
Transfer from General Fund	1,151,307	1,133,846	(17,461)
Transfer from Supplemental General Fund	500,000	513,852	13,852
Total Cash Receipts	2,214,923	2,284,861	69,938
Expenditures:			
Instruction	1,812,076	1,495,725	316,351
Student support services	517,379	527,469	(10,090)
General administration	219,745	202,594	17,151
Student transportation services	50,800	40,051	10,749
Total Expenditures	2,600,000	2,265,839	334,161
Receipts Over (Under) Expenditures	(385,077)	19,022	404,099
Unencumbered Cash, Beginning	1,321,152	1,321,153	1
Unencumbered Cash, Ending	\$ 936,075	\$ 1,340,175	\$ 404,100

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Vocational Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Transfer from General Fund	\$ 200,000	\$ 142,827	\$ (57,173)
Transfer from Supplemental General Fund	172,375	255,463	83,088
Total Cash Receipts	372,375	398,290	25,915
Expenditures:			
Instruction	309,038	298,290	10,748
Receipts Over (Under) Expenditures	63,337	100,000	15,167
Unencumbered Cash, Beginning	-	-	-
Unencumbered Cash, Ending	\$ 63,337	\$ 100,000	\$ 15,167

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Textbook and Student Materials Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

	<u>Actual</u>
Cash Receipts:	
Textbook rental	\$ 73,572
Transfer from Supplemental General Fund	70,707
Total Cash Receipts	<u>144,279</u>
Expenditures:	
Textbook purchases	<u>31,930</u>
Receipts Over (Under) Expenditures	112,349
Unencumbered Cash, Beginning	<u>137,652</u>
Unencumbered Cash, Ending	<u><u>\$ 250,001</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 Historical Museum Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 57,540	\$ 57,894	\$ 354
Delinquent tax	1,047	1,294	247
Motor vehicle tax	11,478	10,275	(1,203)
Total Cash Receipts	<u>70,065</u>	<u>69,463</u>	<u>(602)</u>
Expenditures:			
Community service operations	<u>60,783</u>	<u>60,783</u>	<u>-</u>
Receipts Over (Under) Expenditures	9,282	8,680	(602)
Unencumbered Cash, Beginning	<u>45,233</u>	<u>45,233</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 54,515</u>	<u>\$ 53,913</u>	<u>\$ (602)</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Recreation Commission Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 299,502	\$ 307,994	\$ 8,492
Delinquent tax	5,492	5,669	177
Motor vehicle tax	49,491	43,836	(5,655)
Total Cash Receipts	354,485	357,499	3,014
Expenditures:			
Community service operations	325,000	325,000	-
Receipts Over (Under) Expenditures	29,485	32,499	3,014
Unencumbered Cash, Beginning	169,338	169,338	-
Unencumbered Cash, Ending	\$ 198,823	\$ 201,837	\$ 3,014

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Federal Projects Funds
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

	<u>Title I Low Income</u>	<u>Title II-A Teacher Quality</u>	<u>Title IV Safe and Drug Free</u>	<u>Title II-D Tech Literacy</u>	<u>Title II EETT Enhancing</u>	<u>Carl Perkins Grant</u>
Cash Receipts:						
Federal aid	\$ 199,836	\$ 62,956	\$ 4,973	\$ 1,688	\$ 100,000	\$ 18,216
ARRA Federal aid	57,283	-	-	2,076	-	-
Other	-	-	1,000	-	-	-
Transfer from Supplemental General Fund local matc	-	-	-	-	50,000	-
Transfer from Title II-A Teacher Quality	5,292	-	-	-	-	-
Total Cash Receipts	<u>262,411</u>	<u>62,956</u>	<u>5,973</u>	<u>3,764</u>	<u>150,000</u>	<u>18,216</u>
Expenditures:						
Instruction and supplies	252,105	55,267	5,973	3,764	144,101	18,216
Transfer to:						
Title I Low Income	-	5,292	-	-	-	-
Total Expenditures	<u>252,105</u>	<u>60,559</u>	<u>5,973</u>	<u>3,764</u>	<u>144,101</u>	<u>18,216</u>
Receipts Over (Under) Expenditures	10,306	2,397	-	-	5,899	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 10,306</u>	<u>\$ 2,397</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,899</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 Bond and Interest Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 460,809	\$ 461,033	\$ 224
Delinquent tax	12,757	17,877	5,120
Motor vehicle tax	159,595	143,825	(15,770)
State aid	<u>777,354</u>	<u>777,354</u>	<u>-</u>
Total Cash Receipts	1,410,515	1,400,089	(10,426)
Expenditures:			
Interest	549,224	549,224	-
Commission and postage	100	-	100
Principal	<u>975,000</u>	<u>975,000</u>	<u>-</u>
Total Expenditures	1,524,324	1,524,224	100
Receipts Over (Under) Expenditures	(113,809)	(124,135)	(10,326)
Unencumbered Cash, Beginning	<u>1,474,520</u>	<u>1,474,517</u>	<u>(3)</u>
Unencumbered Cash, Ending	<u>\$ 1,360,711</u>	<u>\$ 1,350,382</u>	<u>\$ (10,329)</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Expendable Trust Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

	<u>Actual</u>
Cash Receipts:	
Donations and interest	\$ 31,538
Expenditures:	
Scholarships	<u>42,496</u>
Receipts Over (Under) Expenditures	(10,958)
Unencumbered Cash, Beginning	<u>148,493</u>
Unencumbered Cash, Ending	<u><u>\$ 137,535</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 School Activity Funds
 Statement of Cash Receipts and Disbursements - Actual
 Year Ended June 30, 2010

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organization Funds:				
High School:				
Art Club	\$ -	\$ 732	\$ 732	\$ -
After Prom	-	4,995	4,425	570
Band Club	811	3,150	1,581	2,380
Baseball	-	6,316	1,313	5,003
Basketball Team - Men	48	346	137	257
Basketball Team - Women	367	5,664	5,497	534
Bowling Club	-	745	734	11
Cheerleaders	2,167	29,196	27,404	3,959
Class of 2010	2,399	4,893	7,292	-
Class of 2011	-	14,206	11,016	3,190
Class of 2012	192	-	-	192
Class of 2013	-	64	-	64
Class of 2014	-	-	-	-
Crime Stoppers	202	-	127	75
Cross Country/Track	3,834	5,462	8,361	935
Debate/Forensics	30	1,809	1,420	419
Drama Club	3,252	6,724	8,505	1,471
Electorally Car Club	206	2	150	58
Football team	-	895	895	-
F.C.A.	-	106	-	106
F.C.C.L.A. Club	476	1,035	1,225	286
Fund Raising	2,953	5,088	3,997	4,044
Golf/Boys Club	-	443	437	6
Golf/Girls Club	-	50	-	50
K.A.Y. Club	686	10,241	10,040	887
KCAT	91	20	-	111
M-Club	128	1	-	129
Mulvane Mentors - Friendship Club	75	145	-	220
National Honor Society	1,068	768	561	1,275
Pom Pon Club	986	9,979	9,632	1,333
Rowdie Crowd Pep Club	304	635	690	249

UNIFIED SCHOOL DISTRICT NO. 263
 School Activity Funds
 Statement of Cash Receipts and Disbursements - Actual
 UNIFIED SCHOOL DISTRICT NO. 263

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organization Funds:				
High School:				
Quill Type Club	717	4	-	721
SADD Club	90	479	538	31
School Newspaper Club	1,636	93	1,055	674
Scholar's Bowl Club	238	2	-	240
Softball	-	530	527	3
Soccer Team	101	2,146	1,739	508
Student Council	1,437	4,993	5,848	582
TASK	422	3	-	425
Thespians Club	171	1,435	839	767
TSA/Skills USA	575	6	-	581
Vocal Music Club	1,753	8,936	4,991	5,698
Yearbook Club	4,846	29,335	31,950	2,231
Volleyball team	100	1	-	101
Wrestling Club	90	1,232	892	430
Middle School:				
Cross Country	165	-	-	165
Cheerleading	8,778	17,652	18,865	7,565
Sevenettes Club	244	62	86	220
Seventh Grade Girls Basketball	54	-	-	54
Student Council	296	1,363	1,029	630
RAD Club	670	2,046	1,376	1,340
Team Apparel	154	4,332	4,190	296
Yearbook Club	-	7,900	5,781	2,119
Total	<u>\$ 42,812</u>	<u>\$ 196,260</u>	<u>\$ 185,877</u>	<u>\$ 53,195</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 District Activity Funds
 Statement of Cash Receipts, Expenditures and Unencumbered Cash
 Year Ended June 30, 2010

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances</u>	<u>Ending Cash Balance</u>
Gate receipts:						
High school	\$ 10,569	\$ 40,955	\$ 36,870	\$ 14,654	\$ -	\$ 14,654
Middle school	1,092	10,233	9,605	1,720	-	1,720
Total gate receipts	11,661	51,188	46,475	16,374	-	16,374
School projects:						
High school	1,408	1,511	1,528	1,391	-	1,391
Middle school	2,411	2,089	3,222	1,278	-	1,278
Grade school	642	121	19	744	-	744
Primary school	2,264	532	132	2,664	-	2,664
Total school projects	6,725	4,253	4,901	6,077	-	6,077
Total	\$ 18,386	\$ 55,441	\$ 51,376	\$ 22,451	\$ -	\$ 22,451

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263

Notes to Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Unified School District No. 263 (the District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management, who is responsible for their integrity and objectivity. These accounting policies conform to a comprehensive basis of accounting other than generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Reporting Entity

Unified School District No. 263 is a municipal corporation located in Mulvane, Kansas, governed by an elected seven-member board. The Mulvane Board of Education ("Board") is the basic level of government, which has financial accountability, and control over all activities related to the public school education in the City of Mulvane, Kansas. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the board is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Boards Statement 14, which are included in the District's reporting entity.

Basis of Presentation

Fund Accounting - A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the fiscal year of 2010:

Governmental Funds

General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

UNIFIED SCHOOL DISTRICT NO. 263

Notes to Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies (continued)

Special Revenue Funds - to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes.

Debt Service Fund - to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt.

Fiduciary Funds

Expendable Trust and Agency Funds - to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Basis of Accounting

Statutory Basis of Accounting. The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a waiver from generally accepted accounting principles, allowed by the State of Kansas, which allows the District to report on the statutory basis of accounting.

UNIFIED SCHOOL DISTRICT NO. 263

Notes to Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies (continued)

Departure from Accounting Principles Generally Accepted in the United States of America. The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, building and equipment owned by the District are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes and compensated absences are not presented in the financial statements.

2. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), and debt service fund. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget was amended in June 2010.

UNIFIED SCHOOL DISTRICT NO. 263

Notes to Financial Statements

June 30, 2010

2. Budgetary Information (continued)

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust and agency funds and the following special revenue funds:

Contingency Reserve Fund
Textbook and Student Materials Fund
Federal Projects Funds
Gate Receipts
School Projects

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

3. Interfund Transfers

Recurring annual transfers between funds for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenue are as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Bilingual Education Fund	K.S.A. 72-6428	\$ 2,461
General Fund	Special Education Fund	K.S.A. 72-6428	1,133,846
General Fund	Vocational Education Fund	K.S.A. 72-6428	142,827
General Fund	At Risk Fund (K-12)	K.S.A. 72-6428	661,900
General Fund	At Risk Fund (4 yr old)	K.S.A. 72-6428	71,119
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	495,661

UNIFIED SCHOOL DISTRICT NO. 263

Notes to Financial Statements

June 30, 2010

3. Interfund Transfers (continued)

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
Supplemental General Fund	Parent Education Fund	K.S.A. 72-6428	11,356
Supplemental General Fund	Special Education Fund	K.S.A. 72-6428	513,852
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6428	255,463
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6428	88,457
Supplemental General Fund	Title II EETT Enhancing Fund	K.S.A. 72-6428	50,000
Supplemental General Fund	Textbook and Student Material Fund	K.S.A. 72-6428	70,707
Summer School Fund	At Risk Fund (K-12)	K.S.A. 72-6428	62,481
Title IIA – Teacher Quality	Title I Low Income Fund	K.S.A. 72-6428	5,292

4. Defined Benefit Pension Plan

Plan description. The District contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefits provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% (Tier 1) and 6% (Tier 2) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 8.57% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contribution to KPERS for all Kansas public school employees for the years ending June 30, 2010, 2009 and 2008 were \$140,318,394, \$242,277,363 and \$220,815,154 respectively, equal to the required contributions for each year. Remaining balance due from the State for the year ending June 30, 2010 of \$108,149,792 was received by July 9, 2010.

UNIFIED SCHOOL DISTRICT NO. 263

Notes to Financial Statements

June 30, 2010

5. Compensated Absences

Vacation

Twelve-month non-teacher personnel are provided vacation ranging from 2 to 4 weeks based on years of service. All earned vacation time is to be taken from July 1 to June 30 of each fiscal year and cannot be accumulated or carried forward. Hence, there is no estimated liability for accrued vacation pay at June 30, 2010.

Personal Time Off

All classified employees who work at least 20 hours per week start each school year with 7 to 10 days of personal time off with full pay and may carry over a total of 5 days. All certified staff will be granted 10 days of personal time off with full pay and can carry over a total of 10 days into an accumulated sick leave account with an accumulated total of not more than 80 days. Twelve month building administrators start each school year with 30 days of personal time off with full pay and may carry over 15 days of personal time off. Ten and a half month building administrators and twelve month directors start each school year with 20 days of personal time off with full pay and may carry over 10 days of personal time off. Terminated or retiring classified staff and administrators are compensated for their unused personal time off at a rate of \$8.00 per hour. Terminated or retiring certified staff are compensated for their unused personal time off at a rate of \$12.00 per day. The accumulated sick leave carried by employees as of July 1, 2008 will be carried forward in a sick leave reserve account that will be paid at the rate of \$12.00 per day upon retirement or resignation. Personal time off will be used before the sick leave reserve unless there is five consecutive days of absence.

For financial statement purposes, personal time off is recognized when paid. The estimated liability at June 30, 2010, if all employees were to use their accumulated personal time off, would be \$60,391.

6. Deposits and Investments

Deposits

At June 30, 2010, the carrying amount of the District deposits, including certificates of deposit, was \$5,437,042. The bank balance was \$6,647,832. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$250,000 was covered by FDIC insurance and the remaining \$6,397,832 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the District's name and irrevocable letters of credit. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the District, the pledging bank, and the independent third-party bank holding the pledged securities.

UNIFIED SCHOOL DISTRICT NO. 263

Notes to Financial Statements

June 30, 2010

7. Lease Commitments

As of June 30, 2010 the district was subject to several leases with fixed terms as well as on a month-to-month basis. The following is a listing of the equipment, terms and payment amounts for those leases.

<u>Equipment Leased</u>	<u>Term of Lease</u>	<u>Payment Amount</u>
Four copiers	Annual	\$.0145 per copy
Five copiers	60 month term	\$ 1637 per month
Ice machines	month to month	\$ 448 per month
Bobcat skid steer	one year term	\$ 3,716
Portable classroom	36 month term	\$ 670 per month

The District receives lease payments as follows:

<u>Equipment Leased</u>	<u>Term of Lease</u>	<u>Payment Amount</u>
Bloomenshine center	60 month term	\$10,000 per month
Mulvane Recreation Commission	five year term	
City of Mulvane	five year term	

8. Risk Management

The District manages risk primarily through the purchase of insurance coverage from commercial insurers.

9. Subsequent Events

The District adopted FASB ASC 855, *Subsequent Events*, effective for financial periods ending after June 15, 2009. The objective of FASB ASC 855 is to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued or available to be issued. Subsequent events have been evaluated through January 21, 2011, which is the date the financial statements were available to be issued. There were no such events to be disclosed.

10. Compliance with Kansas Statutes

Management is aware of no statutory violations for the period covered by the June 30, 2010 financials.

Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) requires the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by the Statutes.

UNIFIED SCHOOL DISTRICT NO. 263
GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
Year Ended June 30, 2010

	<u>Budget</u>	<u>Statutory Transactions</u>	<u>Variance Favorable (Unfavorable)</u>
STATUTORY REVENUES:			
Taxes and shared revenue:			
Ad valorem property	\$ 987,740	\$ 994,610	\$ 6,870
Delinquent tax	17,932	21,780	3,848
Mineral production tax	-	555	555
Federal aid:			
ARRA Stabilization funds	470,906	470,906	-
State aid:			
Equalization aid	7,423,379	7,429,567	6,188
Special education aid	1,151,307	1,133,846	(17,461)
Total Statutory Revenues	<u>10,051,264</u>	<u>10,051,264</u>	<u>-</u>
EXPENDITURES:			
Instruction	5,674,583	4,796,466	878,117
Student support services	59,750	235,259	(175,509)
Instructional support services	278,243	239,620	38,623
General administration	255,953	472,943	(216,990)
School administration	825,352	785,606	39,746
Operations and maintenance	678,000	693,553	(15,553)
Student transportation services	70,048	63,122	6,926
Vehicle operating services	266,600	198,602	67,998
Vehicle and maintenance services	67,000	58,279	8,721
Transfer to:			
Bilingual Education Fund	2,891	2,461	430
Special Education Fund	1,151,307	1,133,846	17,461
Vocational Education Fund	200,000	142,827	57,173
At Risk Fund (4 yr old)	63,270	71,119	(7,849)
At Risk Fund (K-12)	753,335	661,900	91,435
Contingency Reserve Fund	-	495,661	(495,661)
Adjustment to comply with legal maximum	(295,068)	-	(295,068)
Total Expenditures	<u>10,051,264</u>	<u>10,051,264</u>	<u>-</u>
Revenue Over (Under) Expenditures	-	-	-
MODIFIED UNENCUMBERED CASH, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>
MODIFIED UNENCUMBERED CASH, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT NO. 263
SUPPLEMENTAL GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
Year Ended June 30, 2010

	<u>Budget</u>	<u>Statutory Transactions</u>	<u>Variance Favorable (Unfavorable)</u>
STATUTORY REVENUES:			
Taxes and shared revenue:			
Ad valorem property	\$ 974,353	\$ 1,021,223	\$ 46,870
Delinquent tax	14,982	20,104	5,122
Motor vehicle tax	183,287	164,988	(18,299)
Federal aid:			
ARRA Stabilization funds	-	518,230	518,230
State aid:			
Equalization aid	2,043,941	1,525,285	(518,656)
Total Statutory Revenues	<u>3,216,563</u>	<u>3,249,830</u>	<u>33,267</u>
EXPENDITURES:			
Instruction	1,188,822	1,238,726	(49,904)
Instruction support services	18,000	5,411	12,589
General administration	497,433	164,877	332,556
School administration	13,000	11,308	1,692
Operations and maintenance	870,000	860,358	9,642
Transfer to:			-
Textbook and Student Materials Fund	-	70,707	(70,707)
Professional Development Fund	-	88,457	(88,457)
Title II EETT Enhancing Fund	-	50,000	(50,000)
Parent Education Program Fund	10,885	11,356	(471)
Special Education Fund	500,000	513,852	(13,852)
Vocational Education Fund	172,375	255,463	(83,088)
Total Expenditures	<u>3,270,515</u>	<u>3,270,515</u>	<u>-</u>
Revenue Over (Under) Expenditures	(53,952)	(20,685)	33,267
MODIFIED UNENCUMBERED CASH, July 1, 2009	<u>53,952</u>	<u>53,953</u>	<u>1</u>
MODIFIED UNENCUMBERED CASH, June 30, 2010	<u>\$ -</u>	<u>\$ 33,268</u>	<u>\$ 33,268</u>

UNIFIED SCHOOL DISTRICT NO. 263
Notes to Financial Statements
Year Ended June 30, 2010

11. Long-term Debt

Changes in long-term liabilities for the District for the year ended June 30, 2010 were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds:										
Series 2004, School Building	3.25% to 5.00%	6/1/2004	\$ 10,069,000	9/1/2018	\$ 9,555,000		\$ 250,000		\$ 9,305,000	\$ 438,044
Series 2008, Refunding	3.00% to 3.15%	6/1/2008	\$ 4,025,000	9/1/2013	4,025,000		725,000		3,300,000	111,180
Total Contractual Indebtedness					13,580,000	-	975,000	-	12,605,000	549,224
Compensated Absences	N/A	N/A	N/A	N/A	44,939	-	-	15,452	60,391	-
Total Indebtedness					<u>\$ 13,624,939</u>	<u>\$ -</u>	<u>\$ 975,000</u>	<u>\$ 15,452</u>	<u>\$ 12,665,391</u>	<u>\$ 549,224</u>

Annual Debt Service Requirements

	2011	2012	2013	2014	2015	2016-2020	Total
Principal:							
General obligation bonds	\$ 1,060,000	\$ 1,135,000	\$ 1,210,000	\$ 1,280,000	\$ 1,390,000	\$ 6,530,000	\$ 12,605,000
Interest:							
General obligation bonds	<u>517,705</u>	<u>482,630</u>	<u>443,980</u>	<u>401,821</u>	<u>189,831</u>	<u>830,400</u>	<u>2,866,367</u>
Total Principal and Interest	<u>\$ 1,577,705</u>	<u>\$ 1,617,630</u>	<u>\$ 1,653,980</u>	<u>\$ 1,681,821</u>	<u>\$ 1,579,831</u>	<u>\$ 7,360,400</u>	<u>\$ 15,471,367</u>

PETERSON, PETERSON & GOSS, L.C.

MEMBERS
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OF COUNSEL
MARVIN W. NYE, C.P.A.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Unified School District No. 263
Mulvane, Kansas

We have audited the basic financial statements of Unified School District No. 263 as of and for the year ended June 30, 2010, and have issued our report thereon dated January 21, 2011. Our report disclosed that, as discussed in Note 1 to the financial statements, the District prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Accordingly, we do not express an opinion of the effectiveness of the District's internal control over financial reporting.

Internal Control Over Financial Reporting (continued)

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

This report is intended for the information of the management of Unified School District No. 263 and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

January 21, 2011

Peterson Peterson & Goss LC

PETERSON, PETERSON & GOSS, L.C.

MEMBERS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
Unified School District No. 263
Mulvane, Kansas

Compliance

We have audited the compliance of Unified School District No. 263 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Unified School District No. 263 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the management of Unified School District No. 263, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Peterson Peterson & Goss LC

January 21, 2011

UNIFIED SCHOOL DISTRICT NO. 263
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Unified School District No. 263.
2. No significant deficiencies relating to the audit of the financial statements are reported in the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Unified School District No. 263 were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the report on compliance in accordance with OMB Circular A-133.
5. The auditor's report on compliance of the major federal award programs for Unified School District No. 263 expresses an unqualified opinion.
6. Findings relative to the major federal award programs for Unified School District No. 263 are reported in Part C of this schedule.
7. The programs tested as major programs included:
 - State Fiscal Stabilization Fund, Recover Act – 84.394
 - Title I, Part A Cluster:
 - Title I – 84.010
 - Title I, Recovery Act – 84.389
 - Special Education Cluster:
 - Title VI-B – 84.027
 - Early Childhood – 84.173
 - Title VI-B, Recovery Act – 84.391
 - Early Childhood, Recovery Act – 84.392
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Unified School District No. 263 was determined to be a low-risk auditee.

UNIFIED SCHOOL DISTRICT NO. 263
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCIES

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT

None

UNIFIED SCHOOL DISTRICT NO. 263
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Award Amount by Cluster
U.S. Department of Agriculture:				
Passed-through Kansas Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	3529-3490	\$ 58,811	
National School Lunch Program	10.555	3530-3500	245,269	
Cash for Commodities	10.555	3530-3500	<u>43,752</u>	
Total Child Nutrition Cluster				347,832
U.S. Department of Education:				
Passed-through Kansas Department of Education:				
Data Use Grant	84.372	3592-3070	800	800
School Preparedness	84.302	3056-3200	1,000	1,000
Title I, Part A Cluster:				
Title I, Low Income	84.010	3532-3520	199,836	
ARRA - Title I, Low Income	84.389	3532-3525	<u>57,283</u>	
Total Title I, Part A Cluster				257,119
Program Improvement	84.048	3539-3590	18,216	18,216
Drug Free Schools and Communities	84.186	3795-3100	4,973	4,973
Title II-A, Improving Teacher Quality	84.367	3526-3860	62,956	62,956
Special Education Cluster:				
EHC Flo-Thru	84.027	3234-3050	305,607	
EHC Flo-Thru Disc	84.173	3234-3050	16,844	
EC Flo-Thru	84.027	3234-3050	12,157	
ARRA - Special Educ. Part B Grants	84.391	3234-3055	190,413	
ARRA - Special Educ. Part B Preschool	84.392	3535-3555	<u>8,019</u>	
Total Special Education Cluster				533,040
Educational Technology State Grants Cluster:				
Title II-D, Technology Literacy	84.318	3233-3040	1,688	
Title II-EETT Enhancing	84.318	3233-3040	100,000	
ARRA - Title II-D, Technology Literacy	84.386	3233-3044	<u>2,076</u>	
Total Educational Technology State Grants Cluster				103,764
ARRA - State Fiscal Stabilization Funds - 2009	84.394	3790-3790	989,136	989,136
U.S. Department of Education:				
Passed-through South Central Kansas Education Service Center:				
English Language Acquisition	84.365A	N/A	1,192	1,192
U.S. Department of Health and Human Services:				
Passed-through Kansas Social and Rehabilitation Services:				
Medicaid	93.778	N/A	109,604	<u>109,604</u>
Total Federal Awards Expended				<u>\$ 2,429,632</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Schedule of Expenditures of Federal Awards
Year Ended June 30,2010

Note 1 - Basis of Presentation

The schedule of expenditures of federal awards is presented using the accounting practice prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, the same as the financial statements accompanying this schedule. The information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

UNIFIED SCHOOL DISTRICT NO. 263
Summary of Prior Audit Findings
Year Ended June 30, 2010

There are no prior audit findings.